

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058(B)
INDIANAPOLIS, IN 46204
PHONE (317) 232-3777
FAX (317) 232-8779

TO: Assessing Officials and Vendors

FROM: Barry Wood, Assessment Division Director *JBW*

RE: 2011 Annual Adjustment Update – Sales Verification

DATE: April 28, 2011

Our initial reviews of the March 1, 2011 ratio studies submitted to date have revealed issues with the number of sales used and sales verification. This memo outlines those problems and serves as a reminder about what must be done to address them. Upon submission of each county's ratio study, the Department of Local Government Finance ("Department") conducts a test comparing the valid sales submitted to the Department by the county in the sales disclosure data to the sales used in the ratio study ("Test"). A complete review of the submitted ratio study can only be done when all valid sales are accounted for, or when the assessor has provided an explanation as to why the sale was excluded.

The Test is done on a township-by-township basis by major property class code. It is required that ALL valid coded sales in the sales file submitted to the Department be accounted for, either used in the ratio study, or if not used, a reason why the sale(s) were not used. This explanation needs to be done on a parcel by parcel basis, by major property class and township. For example, if 30 sales were used in County A, Township B, in the residential improved property class, and the sales file shows 40 valid sales, the assessor must identify the 10 unaccounted sales and explain why these 10 sales were excluded from the study. To do this, the assessor must first identify from the sales file those parcels that were not used in the study and then provide a detailed explanation by parcel as to why it was not used. Additionally, if the assessor includes sales in the ratio study that were coded "INVALID" in the SALES file, the assessor must explain, parcel-by-parcel, why "INVALID" sales are now being treated as "VALID" and used in the ratio study.

To expedite the ratio study review and approval process, when submitting the ratio study, please include a worksheet that identifies all valid sales not used and/or the invalid coded sales that were used with an explanation detailing the following: state parcel number; sales file coding – valid / invalid; property class code; township and detailed explanation as to why it was not or was used.

Following is a format that should be used for the explanations needed:

<u>State Parcel Number</u>	<u>Property Class</u>	<u>Township</u>	<u>Category</u>	<u>Sale Date</u>	<u>Explanation</u>
----------------------------	-----------------------	-----------------	-----------------	------------------	--------------------

Additionally, the Department requests the assessor to include a detailed explanation, by major class and by township, in the county narrative submitted with the ratio study of the exact time frame that sales were used. An example might read: "In the residential improved property class, there were sufficient sales, so Assessor used sales taking place from 1/1/10 thru 2/28/11.

However, in the vacant unimproved class, due to a lack of sales, the sales period was expanded to also include all the 2009 sales. In addition, in the commercial/industrial classes the sales period was further expanded to include 2008 sales."

If you make any changes to the ratio study as a result of adding to or deleting from your submitted study, a new ratio study will need to be re-submitted to the Department indicating the reason for submitting a new ratio study.

If you have any questions, please contact Barry Wood at 317.232.3762 or Bwood@dlgf.in.gov.